

November 4, 2002

Mr. J. Tyler Carlson
Western Area Power Administration
Desert Southwest Regional Manager
P.O. Box 6457
Phoenix, AZ 85005-6457

Dear Mr. Carlson:

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I am writing regarding the Western Area Power Administration's ("Western") proposed contract extensions for existing customers of power from the Parker-Davis Project as indicated in the August 8, 2002 Federal Register notice. It is my understanding that existing customers, like the City of Mesa, would receive 94 percent of their current allocations for 20 years and that the remaining six percent will be set aside for new customers. The City of Mesa believes that this proposal should be modified to recognize the impact of the loss of Parker-Davis power on small utilities.

Mesa, Arizona is a city whose electric utility serves almost 16,000 customers within its City Limits. The citizens and businesses here consider renewal of Mesa's contract for Parker-Davis power to be an extremely valuable resource – one that is critical to our utility's ability to keep electricity affordable and reliable.

As you are fully aware, consumers in the Southwest United States have experienced significant economic hardship as a result of the recent volatility in the western electricity markets. We believe the 20year extensions of the agreements for the sale and purchase of energy from the Parker-Davis Project power will provide important stability for our electric rates and for our local and regional economy.

A six percent withdrawal from small current Parker-Davis allottees such as Mesa, Safford, Wickenburg and Fredonia will add very little to the pool available to new preference customers, but will have a significant impact on the power costs of these entities. As you may be aware, Mesa has previously given up 3 MW of Parker-Davis for the benefit of new Parker-Davis customers.

Mesa supports the expansion of the sale of Parker-Davis power to eligible preference customers, but requests your consideration for keeping small Parker-Davis customers whole by not requiring them to relinquish six percent of their allocations.

Sincerely,



David C. Plumb
Utilities Manager

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